

Appendix F

Supplemental Environmental Project Plan

This Appendix F describes the Supplemental Environmental Project (“SEP”) to be performed and funded by MSD as required by the Consent Decree. MSD shall spend at least One Million Six Hundred Thousand Dollars (\$1,600,000) and perform certain additional functions as set forth herein to implement this SEP. No part of this SEP expenditure shall include federal or state funds, including federal or state low interest loans, contracts, or grants.

SEP Overview:

Inadequate or failing septic systems present both public health and environmental risks that can be avoided by connection to public sewers. Many homeowners do not want to connect because of the upfront capital costs associated with public sewer. This financial obstacle is particularly acute for low income residents. Leaking private laterals contribute inflow and infiltration to the sewer system that may contribute to sewer overflows and bypasses at the wastewater treatment facilities.

The SEP shall include the implementation of a Sewer Connection & Septic Tank Closure Program (“Program”) for homeowners that qualify for MSD’s Low Income Assistance program. The Program shall include 1) the installation of a sewer service line (i.e. lateral) and public sewer line if needed to the homes of participating property owners, removal as needed of their septic tank from operation by capping, filling, or other means as determined and approved by MSD and consistent with local ordinances, and 2) the replacement, rehabilitation or repair as necessary of private lateral lines. The Program is a no cost construction program for only low-income eligible residential property owners (1) who elect to close their septic tank and connect to a public sewer, or (2) where MSD finds contributions of I/I to the sewer system for a defective private lateral.

The Program is voluntary and will be available to low-income eligible residents of owner-occupied, single family homes that are on properties not connected to a public sewer or for those who are connected to a public sewer and have a defective private lateral. In MSD’s service area, it is estimated that 8,000 – 10,000 homes are still on septic systems.

SEP Budget

Based on a one million six hundred thousand dollar (\$1,600,000.00) budget, at an average cost of three thousand dollars (\$3,000.00) per home, the Program is anticipated to assist five hundred and thirty-three (533) residents; however, this number may vary depending on the cost of construction. This Program provides no cost construction to households that would qualify for MSD’s low income assistance program as if they are connected to the public sewer

system. The construction costs at the outset will range from approximately \$2,000 - \$15,000,^{1/} based on the construction and repair needs. SEP funds shall not be used for MSD's administrative expenses.

Project Processing

MSD will use a streamlined project approach to enhance implementation, while providing appropriate management oversight. The processes shall include:

1. MSD to verify applicant's income, property ownership, occupancy, and current billing status;
2. Upon approval of eligibility, owners required to sign a waiver allowing MSD to work on owner's private property;
3. MSD will contract directly to have all work performed;
4. MSD will inspect all work and be responsible for all permitting and inspections required by other authorities; and
5. Acceptable Program costs shall include the costs of equipment and materials, labor costs for Repair/Replacement/Removal Services and/or services associated with the same, but shall not include administrative costs.

Alternative SEP

To the extent MSD is unable to complete the SEP Program described in this SEP Plan due to lack of homeowner participation, MSD may submit the following requests to EPA:

1. MSD may request additional time from EPA to complete the above described SEP. Such request shall be made at least sixty (60) days prior to the final completion date as set forth above. However, if EPA denies the request for additional time, then MSD shall continue to implement the SEP and be subject to stipulated penalties as set forth in Section XI of this Consent Decree. If MSD is granted additional time to complete the SEP, the SEP shall be deemed in compliance as described above.
2. MSD may propose an alternate and similar SEP proposal and schedule to EPA equal in cost to the difference in the amount MSD has expended on the SEP as described above to date, and \$1,600,000.00. Such request shall be made no later than four (4) years from the Effective Date of the Consent Decree. EPA may approve the alternate SEP proposal and schedule for immediate implementation. If EPA approves an alternate SEP and schedule, the SEP shall be deemed in compliance upon completion of the alternate SEP. If EPA does not approve the alternate SEP proposal, MSD shall be subject to stipulated penalties as set forth in Section XI of this Consent Decree.

^{1/}\$15,000 represents the approximate cost of installing public sewer line, if needed.